For private circulation only

Barjeel Driven by Trust بارجيل عنوان الثقة

MARKET DIGEST

KNOWLEDGE POWER. WEALTH ENHANCER

July 2018 Issue: I Vol: 77

SENSEX: 35,657.86 | **NIFTY:** 10,772.65 | **DOW JONES:** 24456.48 | **NASDAQ:** 7688.39 | **USD/INR:** 68.76 | **GOLD:** $1255.80 (Aug 2018 future contract) | **OIL:** $73.80 (Aug 2018 future contract)

Stock Picks

Company Name	CPM (Rs)	Target (Rs)
SRF Ltd	1644	2128
V-GUARD Industries Ltd	196	225
NBCC (India) Ltd	68	97

Source: Geojit Financial Services Ltd.

INR Fund Picks

Performance as on 29/06/18

Company Name		Returns (CAGR) 3Yr	5Yr
Sundaram Rural & Cnsm	Thematic	16.75	21.73
HDFC Mid-Cap Opp	Midcap	13.58	26.36
SBI Magnum Multicap	Flexicap	11.92	21.29
ICICI Pru Equity & Debt	Balance	10.28	21.73
ICICI Pru Bluechip Equity	Largecap	10.29	17.40

UAE Round Up

- Gold prices nudged lower amid a steady dollar on Friday, with investors bracing for any impact on global markets from a deepening trade conflict between the United States and China.
- The UAE's Federal Tax Authority (FTA) has added three new free zones to the list of designated zones that will be out of the five per cent VAT scope imposed earlier this year. The new addition sees the total designated zones increasing to 23 across the UAE.
- Gains in shares of blue-chip property and contracting firms lifted Dubai stocks in early trade on Thursday.

MARKET UPDATE

Global:

It was an abbreviated week of trading due to the Fourth of July holiday, yet there were plenty of fireworks for the bulls who enjoyed a winning week for the major indices.

The bullish bias was remarkable in that concerns about protectionist trade measures were discussed throughout the week. Those concerns did not derail the stock market, yet they did not go unnoticed.

Some of this week's best-performing sectors were the defensive-oriented health care (+3.1%), utilities (+2.4%), and telecom services (+2.2%) sectors. Meanwhile, the yield on the benchmark 10-yr note dropped three basis points to 2.82%, which gave a lift to the real estate sector (+1.8%).

By and large, though, it was a risk-on week in the stock market, which moved up on the back of gains in every sector but the energy sector (-0.3%).

The latter moved in tandem with oil prices, which dropped 0.5% to $73.77/bbl, pressured by a bearish inventory report from the Department of Energy and assumptions that Saudi Arabia will tap into its spare capacity to maintain stability in the oil market.

The information technology sector (+2.3%), supported by the usual mega-cap suspects, was a standout yet again, bringing its year-to-date gain to 12.7%. Facebook (FB) for its part increased 4.6% for the week, with the entirety of its gain coming over the last two trading sessions.

Those last two trading sessions were governed by insouciant trading behavior, as the major indices advanced resolutely in the face of the FOMC Minutes highlighting how business contacts in some districts were scaling back, or postponing, capital spending plans as a result of the uncertainty over trade policy and the U.S. and China pressing ahead with the implementation of tariffs on $34 billion worth of imported goods from each other.

There was no uncertainty on Friday following the release of the June employment report. Market participants seemingly rejoiced in the understanding that the report once again had a Goldilocks hue to it, featuring solid nonfarm payrolls growth (+213,000) and a subdued 2.7% year-over-year gain in average hourly earnings that kept inflation worries, and aggressive rate-hike worries, at bay.

That economic report overshadowed the gloomy trade developments, which also included a contention by President Trump that the U.S. could possibly levy tariffs on more than $500 billion of Chinese goods if necessary. The stock market made note of the remark, yet it was not unnerved by it.

The US. Dollar Index settled the week 0.7% lower at 94.01 while the CBOE Volatility Index plunged 16.9% to 13.37, underscoring a lack of hedging interest to protect for near-term downside risk. The entirety of the decline in the CBOE Volatility Index came over the last two trading days of the shortened week.

Not surprisingly, trading volume was on the light side this week as many participants took vacation.

Index	Started Week	Ended Week	Change	Change%	YTD %
DJIA	24216.05	24456.48	240.43	1.0	-1.1
Nasdaq	7510.30	7688.39	178.09	2.4	11.4
S&P 500	2718.37	2759.82	41.45	1.5	3.2

India:

The Indian equity markets clocked marginal gains as markets cheered the hike in minimum support prices. Auto and consumer stocks were in demand throughout the week after the Union Cabinet approved a hike in minimum support prices (MSP) for Kharif crops by 1.5 times of the input cost for the 2018-19 season. This is likely to have a positive effect on the overall economy.

Meanwhile, activity in India's service industry rebounded in June to 52.6, its highest since June 2017, from 49.6 in May. The Nikkei Manufacturing Purchasing Managers' Index, rose to 53.1 in June from May's 51.2, the highest since December.

Auto index zoomed by 3.5%, FMCG index gained by 1.4% and IT index edged higher by 0.2%. On the other hand, Nifty Metal index fell by 3.5%, Realty index declined by 1.4%, Infra index was down by 2% and Energy index was marginally down by 0.3%.

Investment Idea

Brief Note

Will SEBI's re-categorization of Mutual Funds schemes push investors towards Index Funds?

It is widely discussed that with SEBI laying down strict mandate for scheme re-categorization, there won't be much difference in returns generated by many mutual fund schemes vis-à-vis its underlying index, as the fund manager now will have to strictly adhere to select domain of companies (as per their scheme profile) for its investment portfolio for respective mutual fund schemes. For example, in a Large Cap oriented mutual fund scheme, now atleast 80% of the schemes asset will have to be invested compulsorily in top 100 listed companies by market capitalization. Therefore, it is feared that the fund manager will have less room to engineer out-performance.

However, we believe that actively managed mutual fund scheme with good fund manager will certainly outperform underlying index/index funds. Index Funds are less flexible. Fund manager cannot change its portfolio and have to maintain its holding in proportion of those in its underlying index. Flexibility in managing investment portfolio brings in opportunities for good picks at good levels which could create scope good profits in investment portfolio. Therefore, we believe that if money is invested in actively managed funds, it will give more return on investment than passively managed funds or index funds.

It's QUIZ Time

07.07.18

Q.Q. The Stock Market Game pays dividends.

a) True
b) False

Answer to the last quiz, .A large cap equity fund has to invest a minimum of how much of its corpus into large cap stocks? is option 4) 80%

Share the answer at ***reply@barjeel.ae***

*The answer to the question along with the **Winners Name** will be published in the next issue of Market Digest. All the best!*

Tax Rates

Cess on Income Tax

There is no change in income tax basic exemption limits. However — The old 'Education Cess' and 'Secondary and Higher Education Cess' totalling @3% has been replaced by 'Health and Education Cess' @4% of income tax. It will also be levied on surcharge @12% wherever applicable.

Our Comments

It is claimed that this extra tax is applicable only on rich and superrich. This is strictly not true. This surcharge of 12% along with the cess of 4% is also applicable to DDT and taxable capital gains even for those under the tax threshold of ₹ 2.5 lakh.

The following Table gives the effective tax rates payable after application of cess and surcharge under various Sections of ITA.

Sec.	Description	Basic Rate	Total Rate-%
115O	Dividend Distribution Tax - equities	15	17.4720
111A	ST Gains on Equity & Equity-based MFs	15	17.4720
112	Taxable LT Gains	20	23.2960
115R	Dividend of Debt-based MF Schemes	25	29.1200
115QA	Buy Back of Shares by Domestic Companies	20	23.2960
115TD	Defaulting Trust Registered u/s 12AA	30	34.9940
115TA	Securatisation Trusts --- for Individuals	25	29.1200
	-- for Others	30	34.9940

Real Estate Round Up

Al Majaz
Real Estate Broker

Dubai's largest park coming up in DubaiLand

Dubai is building the city's largest public park, as big as London's Hyde Park, in DubaiLand,Dubai Holding and Dubai Municipality signed a Memorandum of Understanding (MoU) to develop the park that stretches across 1,430,000 sqm.

Once complete, the new park will be almost equal to the size of London's Hyde Park spread across 350 acres and three times bigger than Dubai's Zabeel Park. It will act as a new destination for residents and tourists and provide a vibrant, natural environment, encouraging individuals to lead a healthy and active lifestyle.

The park will provide a number of spaces that encourage exploration of nature and year-round activityfor its visitors, including 30km pedestrian pathways, 20km jogging track, over 14km cycle tracks and over 7km nature trails. It will also include 55 playgrounds for children, 45 sports grounds, five major events areas and retail space for shops, restaurants and coffee shops.

Courtesy – Gulf News

Contact us for buying or renting property in Dubai.

Dubai: Tel: +971 4 3060900 Abu Dhabi: Tel: +971 2 4125000 Sharjah: Tel: +971 6 5932000 Al Ain: Tel: +971 3 7648100

www.barjeel.ae

Foreign Securities Promotion | Brokers of Buying & Selling Commodities, Options & Future Contracts | DGCX (Broker / Clearing Member): License No.: 607007 | A SCA Regulated Company